

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6927**

**BILL NUMBER: SB 291**

**NOTE PREPARED: Jan 4, 2008**

**BILL AMENDED:**

**SUBJECT:** Labeling Consumer Commodities.

**FIRST AUTHOR:** Sen. Simpson

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires a consumer commodity to display a label that indicates: (1) the country of origin where the commodity was manufactured, grown, or processed; and (2) the presence of any toxic material in the commodity. The bill also authorizes the Indiana Economic Development Corporation (IEDC) to adopt administrative rules to implement the statute. The bill provides that knowing or intentional violations of the statute or rules adopted under the statute are deceptive acts that may be remedied by the Attorney General (AG) as other deceptive acts are remedied under Indiana law.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** This bill could result in an indeterminable increase in administrative costs for both the IEDC and the AG. The bill provides that the IEDC may adopt rules to administer the labeling requirements in the bill. The bill also provides that knowing or intentional violation of either the labeling provisions in the bill or any rules adopted by the IEDC constitutes a deceptive act. A purchaser or the AG may bring an action for a remedy under the statute governing deceptive acts (IC 24-5-0.5).

The increased costs for the IEDC will ultimately depend upon the administrative actions of the IEDC in adopting rules as authorized under the bill.

The increase in costs for the AG will ultimately be determined by the number of people who knowingly or intentionally violate the labeling requirements in the bill and therefore commit a deceptive act. Furthermore, the increase to the AG will depend upon the number of those deceptive act claims which the AG pursues rather than the action being initiated by the purchaser.

**Explanation of State Revenues:** The bill could increase revenue from civil penalties and court fees deposited in the state General Fund. The amount of the increase is indeterminable and will ultimately depend upon the number of actions filed against a person that commits a deceptive act by knowingly or intentionally violating the labeling provisions in the bill. A deceptive act is actionable by either the purchaser or the AG.

*Civil Penalties:* If the AG initiates an action to enjoin a deceptive act, the AG may recover a civil penalty on behalf of the state not exceeding \$5,000. Also, if a person violates the terms of a previously issued injunction, the person is required to pay the state a \$15,000 civil penalty. These civil penalties are deposited in the state General Fund.

*Court Fee Revenue:* If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. These fees would either be paid by the purchaser or the person violating the labeling provisions above. The deceptive act statute allows the court to award these fees as part of a judgment awarded the winning party. The AG is not required to pay these fees in an action initiated by the AG. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the judicial salaries fee (\$17), the public defense administration fee (\$3), the court administration fee (\$3), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee or the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:** Attorney General; Indiana Economic Development Corporation.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.